Possible Ramifications of Free Trade on Canadian Culture

(The Royal Commission on the Economic Union and Development Prospects for Canada)

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Summary

The Royal Commission on the Economic Union and Development Prospects for Canada deals briefly with the issue of free trade and its potential threat to our Canadian culture. The Report takes a historical look at previous discussions between Canada and the United States on free trade and cultural sovereignty (see Report pp. 217-224).* The issue is also discussed in context of present day realities (Ibid pp. 350-367). Cultural industries are not recorded in the section "The Effect of Freer Trade on Canadian Industry - Sector Analysis" (Ibid pp. 336-349).** However, the Report states that "given the economics of Canadian cultural activity, it is clear that in this field, active government support will still be required." (Ibid p. 366).

*The background reports in "The Politics of Canada's Economic Relationship with the United States" vol. 29 (prepared for the Royal Commission) which deal with this issue were not available for review.

**The Cultural Industry Strategy Committee is completing a sectorial analysis of the effects of freer trade on Canadian cultural industries. This information will be available to interested parties March, 1986.

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Since the days before Confederation, Canadians have periodically discussed the topic "free trade with the United States." In all instances, the majority of Canadians were fearful of being "swallowed up" by their American neighbour. For instance, Wilfrid Laurier's 1911 vision of Canada and the U.S., "not "united" but generously emulating" each other in commerce via free trade," was not widely shared by the voters that year. In fact, his Liberals lost the election. ("Free trade holds great potential", Financial Post August 3, 1985 p. 9).

Likewise, today's free trade discussions immediately bring to the forefront Canadians' traditional preoccupation with cultural sovereignty. Ontario's Premier has stated that "free trade could have serious ramifications on Canada's political and cultural sovereignty." ("Peterson Wary on Free Trade," The Globe and Mail September 7, 1985 p. 5). "Free trade could jeopardize Canada's independence," claims Walter Gordon, a Canadian nationalist and Chairman of the 1955 Royal Commission on Canada's Economic Prospects ("Report in 50's opposite" The Globe and Mail, September 6, 1985 p. 9). Public reaction over the potential loss of sovereignty from free trade and past political fortunes of politicians advancing free trade with the U.S. have lead the present administration to the use of such terms as "free trade" and "trade enhancement."

Canadians' concerns are legitimate and must be addressed in serious trade negotiations. However, as the MacDonald Royal Commission on the Economic Union and Development Prospects for Canada points out (see Report p. 350) the issues involved relate to intangibles, often as difficult to define as they are to measure. "Certainly their scope and character are difficult to guage in advance" (Ibid). The Commissioners noted that in considering these issues they were dealing as much with the symbolic as the "real" (Ibid). The problem focuses on how a free trade agreement would actually influence the play of forces affecting Canada's political, social and cultural life. (The free movement of

goods and services has often been viewed as an instrument of political, social and cultural change). Also it is just as much concerned, however, with the way that Canadians, Americans and third parties, too, perceive the Canada - U.S. relationship (Ibid).

The question then is: "If a bilateral free trade area were negotiated, would it have a symbolic effect, no matter what its practical economic implications, powerful enough to persuade Canadians that they had finally abandoned (in substance, if not in form) their traditional objective of maintaining a genuinely independent political community, culturally and socially different from the United States?" (Ibid p. 351). In the past, much of Canadian public policy in transportation, communications, resource and revenue sharing, cultural affairs, broadcasting and consitutional law has been designed, in part, to meet this very objective - to preserve a separate and distinctive political community, despite the North-South pull of natural market forces (Ibid).

However, the Commission's public hearings and their general observations revealed an unexpected sense of political confidence not evident in Canada a few years ago. This confidence is apparent in discussions about the distinctiveness of Canadian political reality and of the particular role that Canada might play in international affairs. The Commission concluded we Canadians are no longer victim to that enervating sense of uncertainty that derives from self-perceived "colonial" status, whether that status be formal (as in the days of French sovereignty or of the British Empire) or informal (as some view our current relationship with the states) (Ibid p. 353).

Canada is different. Our political culture is securely rooted in a historical experience quite different from that of the United States. Our evolutionary political development, strengthened by the influence of the United Empire Loyalists, originated in a counter-revolutionary tradition. Whereas Americans established their independence by

revolution, Canadians acquired their's by a succession of relatively peaceful steps. Our values are such that it would take more than a change in trade policy to dislodge them. "We have built in this country a more compassionate, more sane, less violent and more sensible society." ("Free trade raises fears for a soverign Canada" The Gazette August 28, 1985 p. 1). " The day of the apologetic Canadian is gone, and there is no reason to suppose that our present confidence will be undermined by an arrangement designed only to secure a continuing exchange of goods and services with the United States." (Report p. 354).

Canada is already closely tied to the United States. The Business Council on National Issues points out that American policies and economic conditions already have a profound impact on our policies and standards of living ("Free trade raises fears for a sovereign Canada" The Gazette August 28, 1985 p. 1) Thus it is possible to conclude that a free trade area would be unlikely to induce psychological or symbolic side-effects that Canadians are not already experiencing (Report p. 351). The Commission notes, however, that this conclusion underestimates the symbolic impact that a formal declaration of Canada-U.S. free trade would have on Canada. To declare a free trade area as a concerted act of a political will, is a procedure far different from the incremental process that has led to the current Canada-U.S. trade relationship. Such a declaration may instill greater confidence in Canadians than would a process of letting such a relationship develop passively as so often happened in the past. Proponents of a bilateral trade deal also say that political pressure would be reduced by a pact in which acceptable subsidies would be mutually agreed on and clearly defined. A deal, they say, would in fact enhance Canadian sovereignty. "When you tie your trade into a treaty, you escape from a lot of this political pressure," says Ronald Wonnacott, a University of Western Ontario economist who favors free trade with the U.S. ("Free trade raises fears for a sovereign Canada "The Gazette August 28, 1985 p.1)

Those who fear the American assimilation of Canada, though, often site the example of Bavaria's position to Prussia near the beginning of the century under the Zollverein (customs union). Bavaria disappeared as a separate state and Prussia became the dominant force. ("Free trade raises fears for a sovereign Canada" The Gazette August 28, 1985 p. 1). Opponents to free trade believe "a deepening economic integration with the U.S. will make Canada even more subservient to American policy" on such issues as a social policy, immigration, international affairs, exchange rate and taxation policy. (Ibid). They contend "it is easier to maintain some kind of indigenous real life in the small context of Canada." (Ibid).

Nationalists, however, may take comfort from other bilateral trade-agreements such as that between United Kingdom and Ireland (before they both joined the European Economic Community) and Australia and New Zealand. In the first case the agreement did not dispose the Irish to become more like the English; in the other case there is no evidence to suggest that New Zealanders are becoming more like Australians as a result of their bilateral free trade agreement. In fact, Richard Prebble, New Zealand's Minister of Transport stated that "despite the mismatch in size, both countries are very concious of their sovereignty, and the agreement has done nothing to threatened the independence of either side". ("Canada told to not fear free trade "The Globe and Mail, September 5, 1985, B9). The Business Council on National Issues also notes "there is little evidence to support the fear that free trade between two countries of disparate size causes the smaller country to lose its political independence" ("Free trade raises fears for a sovereign Canada" The Gazette August 28, 1985 p.1). Even within our own borders we have witnessed that nothing has made francophone Canadians so determined to preserve their unique culture as the fact they are surrounded by millions of anglophones, (Report p. 353). So rather than leading Canadians to abandon the defence of our indigenous culture free trade may have a reserve effect.

Our country has matured, noted the Commission, and our literature, art, theatre, music, dance and scholarship more and more reflect its vitality (Report p. 354.) However the Commission's Report did not deal specifically with the effects of free trade on various cultural industries but it did state that active government support will still be required in this feild. (Report. p. 366). This support should not, in Commissioners' view, take the form of restrictions on flow into Canada of cultural, intellectual and informational communications from the outside world; rather there should be a willingness on the part of public authorities to provide support for those forms of indigenous cultural expression that would otherwise give way to the impersonal forces of the market (Ibid). The Commision noted its function was not to examine these matters in depth and that the 1982 Report of the Federal Cultural Policy Review Commission had done exactly that quite skillfully. The Commission stated, however, that the CRTC, the CBC, the National Film Board, various programs in support of the production and the dissemination of Canadian contributions to the arts, publishing and film and musical recording, and the maintenance of national and provincial museums and archives - all these and more, with varying degrees of success, have contributed to the overall objectives of sustaining and promoting the indigenous cultural and intellectual creativity of Canadians, despite almost overwhelming pressures from abroad and, most notably, from the United States. "The need for their activities persists. If a bilateral free-trade agreement is successfully negotiated, it will become even more acute." (Report p. 366).

Cultural industries can take comfort in the statements made by the Right Honourable Joe Clark, Secretary of State for External Affairs, to the Foreign Policy Association, New York, November 18, 1985. Clark stated the protection of our dinstinct cultural identity is of singular importance to Canada. "We are prepared to discuss with the U.S. ways we can strengthen cultural industries through trade. But

under no circumstances, are we prepared to agree to any measures which weaken those Canadian industries or undermine their capacity to serve our cultural needs."*

*Clark's statements were reiterated by the Right Honourable Brian Mulroney, Prime Minister of Canada, in an Address to the University of Chicago and the Time Speakers' Forum. December 4, 1985.